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TAGS: [PGOV](#) [SOCI](#) [KIPR](#) [ECON](#) [ENRG](#) [AE](#)  
SUBJECT: ABU DHABI'S SOCIO-ECONOMIC MODEL

REF: DUBAI 533

CLASSIFIED BY: Richard G. Olson, Ambassador; REASON: 1.4(B), (D)

¶1. (C) Summary: While many have surmised that Abu Dhabi would seek certain political concessions for its (at least) USD 25 billion financial support for Dubai in 2009 (reftel), there is little indication of a coerced quid pro quo. Rather, Abu Dhabi officials remain squarely focused on mastering their own, Emirate-based socio-economic success. Under the leadership of Crown Prince Sheikh Mohammed bin Zayed, the Abu Dhabi government reform effort begun in 2005 has produced a number of very effective local government entities. While currently enjoying emirate-level authority only, key officials confirm the Crown Prince plans to expand these entities to the federal level. Although one might assume this is part of a political power-grab, it seems more likely a benevolent expansion is in the works. End Summary.

#### THE MODEL

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¶2. (C) Since the death of Sheikh Zayed in 2004, Abu Dhabi has witnessed a significant expansion in the number of social and economic entities responsible for overseeing the Emirate's development. As Sheikh Mohammed told one visiting U.S. official, he is keenly focused on local confidence in his government; "We must do our best...to ensure [residents and their children] are secure, safe, happy, and healthy." While some of these entities resemble those developed at the federal level and/or in Dubai in the past, others are unique to Abu Dhabi. Most entities are led by Emirati citizens, although all share the common characteristic of a public-private partnership model that relies heavily on foreign consultants to help develop relevant expertise. Abu Dhabi's Executive Affairs Authority (EAA) often serves as an incubator for new entities, providing staff and administrative support, until the new organization is fully developed.

¶3. (C) Usually these entities are stood up to plug existing gaps in federal institutions. Abu Dhabi Education Council seeks to improve education standards. The Environment Agency - Abu Dhabi has developed a wide range of environmental policies, while the Federal Environment Agency and the Ministry of Environment have floundered. Abu Dhabi's deep pockets have allowed it to focus on areas the federal government lacks the capacity to address, in part thanks to the heavy reliance on foreign expertise. In addition, Emirate level "authorities" operate with much more flexible labor practices, including ability to dismiss non-performing officials for cause, a virtual impossibility in Federal ministries.

#### SOME EXAMPLES

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¶4. (C) One of the most prominent examples, due to its importance and vast budget, is the Critical National Infrastructure Authority (CNIA). Although currently only responsible for critical infrastructure (largely oil and gas) in Abu Dhabi, officials are quick to note CNIA will expand into other emirates in the future. In fact, these efforts are already underway in the north eastern emirate of Fujairah, where an oil pipeline from Abu Dhabi will terminate in a deep water port on the Indian Ocean. CNIA is providing all relevant security for the ongoing construction. (Fujairah, the youngest of the seven emirates, has always had a particularly close relationship to Abu Dhabi.)

¶5. (C) Abu Dhabi recently established a Technology Development Committee (TDC) which, among other things, is reviewing and developing policy regulations that will support the development of a knowledge economy, as outlined in Abu Dhabi's 2030 Economic Vision (one of the Emirate's master planning documents). TDC is specifically reviewing the necessary intellectual property rights protection regime that will support new hi-tech industries, including semiconductor and other manufacturing. When asked about the role of the Ministry of Economy (MoE), that currently manages IPR policy, a TDC official told EconOff that the TDC will act as an advisory body to the Ministry. A few months later, a MoE official

confirmed that the Ministry was in the process of standing up a separate IPR division.

#### FIRST FEDERAL APPLICATION

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¶6. (SBU) The December 22 announcement that the President had established a Federal Health Authority (FHA) to take over the executive responsibilities of the Ministry of Health provides a concrete example of how Abu Dhabi's model could be expanded. According to press reports, the FHA will take over the policy and oversight responsibilities of the Ministry, which would now focus exclusively on the provision of public health services. This model is already at work in Abu Dhabi, where the Health Authority - Abu Dhabi (HAAD) regulates private and public health services. Public services are provided by SEHA (Abu Dhabi Health Services Company). While initially the FHA will only have responsibility for the five smallest emirates, one can imagine that HAAD and the FHA could easily be merged in the future.

#### COMMENT

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¶7. (C) Abu Dhabi government entities are generally well-managed, well-informed, and adroit. In less than five years, they have established a number of partnerships with private and public sector institutions, with a clear focus on and appreciation for U.S. expertise. The federalization of these entities would likely be in USG interest, not least because it would facilitate outreach and engagement across the UAE.

¶8. (C) Comment, cont.: While many of the recent rumors suggest Abu Dhabi will seek to consolidate security, customs and law enforcement authorities in exchange for bailing out Dubai, there is little to suggest that these entities are the focus of Abu Dhabi's

efforts. Article 3 of the UAE constitution says all emirates "shall exercise sovereignty over their own territories in all matters." This sovereignty is a defining characteristic of the UAE. While changing the system under duress would go against the fabric of the union, offering to expand a socio-economic entity with a demonstrated track record is a more likely scenario. End Comment.  
OLSON